



Two recent developments will help keep demand for farm products strong.

The first, income tax reduction, will add about 5 billion dollars to the incomes consumers will have to spend in the next 12 months.

The second, the Foreign Assistance Act, authorizes 6.1 billion dollars for the European Recovery Program and other foreign aid. This means that U. S. exports will be large again this year, perhaps only slightly below the 1947 record.

Agricultural exports, however, may be down 15 to 20 percent from the 1947 record of 3.9 billion dollars if crops abroad turn out as good as now expected. Biggest reduction would be in wheat which accounted for about one-third of exports of farm products last year. Exports of cotton, tobacco and fruits, which were fairly small in 1947, are likely to increase.

If the request for additional military expenditures now before Congress is approved, Nation's military budget would be upped more than 3 billion dollars to almost 15 billions. Such an outlay also would affect demand for farm products.

Main impact of this increase, however, would be on industrial goods, particularly metals. Supplies of latter are short compared to demands. Increased military spending could result in continued rise in prices of metals and metal products.

Prices farmers will receive during the next few months will be affected by changes in prospects for crop production at home and abroad. Prices have moved slightly upward since February. In April, index of prices received by farmers was 291, nearly 3 percent above March and 4 percent above February. Biggest increases in the last month--cotton, soybeans, beef cattle, lambs, cabbage and strawberries. Prices of hogs and oranges dropped sharply.

Index of prices paid by farmers including interest and taxes was 249 in April, up slightly from March and less than 1 percent below January peak. Farm wage rates were off slightly from January 1 to April 1; the index dropping from 425 (1910-14=100) to 420.

The parity ratio--the index of prices received divided by the index of prices paid including interest and taxes--was 117 in April, 2 points higher than in March.

The general price level also has moved up. The BLS wholesale price index in the third week of April was 163, about 2 percent above low point of February.

Steel and motor vehicle output set new records in March; but fell off in April because of work stoppages in soft coal mines. Total industrial production in April was below February but remained high.

Employment in early March was 57.3 millions, up slightly from early February. Number of man-hours worked increased considerably as weather improved. Unemployment was down to 2.4 millions in early March, 200,000 less than a month earlier.

February drop in some farm prices accounted for most of the 4.3 billion dollar decline from January in annual rate of personal incomes. However, salary and wage receipts also were off because bad weather and gas shortages cut output in many heavy industries.

The 8.3 billion dollars farmers are estimated to have received from marketings during the first 4 months of this year was slightly more than in same period of 1947. Cash receipts from both livestock and products and crops were higher.

LIVESTOCK AND PRODUCTS Average meat animal prices received by farmers in April were a record for the month but still well below record of January. Market receipts were off, however, because of work stoppages in meat packing industry. Prices are likely to remain near April levels for a few months since meat production will be seasonally small.



Consumer, export, and storage demand for milk and milk products will stay strong for several months. As a result, farmers' prices for milk will stay well above 1947.

Milk output in March was 5 percent under record for the month set in 1947. If crops and pastures this season are average, milk flow during later months of this year may equal or exceed a year earlier. Relation of milk prices to feed prices is likely to become more favorable to dairy production if farmers plant as many acres to feed crops as their reports of intentions on March 1 indicated.

Prices farmers got for eggs in mid-March averaged 42.6 cents per dozen, highest on record for month. With production below last year and demand continuing strong, egg prices are likely to stay above last year.

FATS AND OILS Prices of edible soap fats and oils probably will average slightly above 1947 during rest of 1948. Unless yields from oil crops this year are unusually high, supplies of vegetable oils used mainly in foods will be smaller during the rest of this year than in same period of 1947.

FEEDS Stocks of corn and oats in all positions on April 1 were the smallest in 6 years; those of barley relatively small. Total stocks were 30 percent below a year earlier.

Prices of feed grains in April averaged about a third above the same month of 1947. More than the usual seasonal decline is in prospect for the last half of 1948 if farmers plant as many acres as they intended in March and yields are average. Pastures in the eastern half of the country, especially in the South, were generally better on April 1 than a year earlier. On the Pacific Coast, particularly California, condition of pastures was poorer.

WHEAT Despite near-record disappearance since last harvest, wheat stocks in all positions April 1 totaled nearly 478 million bushels. This is sufficient to permit exports for the year ending June 30 to reach 450 to 500 million bushels and still leave 150 million bushel carryover.

The export goal is now 482 million bushels. Allocations through May total 454 million bushels.

FRUITS AND VEGETABLES Supplies of most fruits are now large. Many oranges remain to be marketed. Supplies of Florida and Texas grapefruit are extremely large for this time of year. Storage stocks of 1947 apples and pears are big for the season.

The price outlook: Oranges--about the same in May as in April with a slight increase in June as marketings from Florida decline; grapefruit--may continue near low March-April levels during next two months; pears and apples--about the same or lower.

Weather has delayed development of vegetables for fresh market; bunching of harvest dates in late spring is likely. Prices may fall a little faster than usual during the next few months.

Stocks of good quality canned and frozen vegetables are not excessive. Processors generally appear interested in maintaining or increasing scale of operations.

Stocks of "old" potatoes are considerably smaller than a year earlier. The support price is higher. The new crop will come to market later than usual. Prices to growers for potatoes sold in May probably will be considerably above May 1947; but only slightly to moderately higher for those sold in June and July.

Prices for sweetpotatoes may rise slightly in May and June. Supplies will come almost entirely from 1947 stocks which are smaller than a year earlier.

COTTON AND WOOL Cotton prices in the 10 Spot Markets reached a high point for the season in mid-April. On April 20, middling 15/16-inch averaged 38.27 cents a pound compared with 33.83 a month earlier.

During the first 15 days of April, about 315,000 bales of cotton were sold in the 10 markets compared with about 200,000 bales from March 16 through March 30.

Purchase prices for 1948 shorn and pulled wools have been raised 1 to 4 cents by the CCC. Increases were designed to offset higher marketing costs and assure producers returns equal to those received in 1946. Activity in Boston Wool Market continued quiet during April.

TOBACCO Export prospects for tobacco are improved by European Recovery Program. During January and February, 48 percent less tobacco was sold to foreign countries than in the same months of 1947.

Except for Maryland, type 32, and some cigar tobacco, 1947 crops have been marketed.